

# SPOTLIGHT

A publication focusing on loss prevention information from the Risk Management Division of Washington State's Office of Financial Management

RISK MANAGEMENT DIVISION  
OFFICE OF FINANCIAL MANAGEMENT

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## OFTEN THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS

*Sometimes out of a multitude of simple processes comes something unexpected on a global scale.*

Enterprise risk management (ERM) is an evolution from managing in "silos" (using quality pundit Peter Deming's label) to managing holistically. Using the discipline, agencies address problems—risks—using all their knowledge experts. For example, the human resources, legal, quality, data, and training sectors of an agency working together can help an agency prevent employment lawsuits much more successfully than only one department working on the project alone.

ERM is the formalized acknowledgment that if risk is taken into account in the daily work, and addressed in an aligned, integrated manner, an agency is more likely to do its best work for citizens. Often "risk management" is simply *good management*.

Key principles of an enterprise risk management program include:

- Visible executive support for the program.
- A risk resource team representing all aspects of agency operations, and whose members meet regularly to analyze and plan around risk.
- Education and training of all employees on management strategies around risk.
- A formal process to identify incidents and address them.

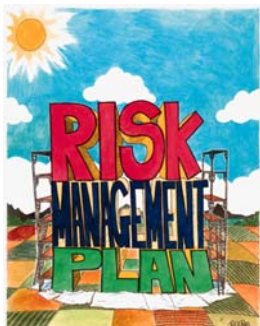
An ERM foundation is also important when something goes wrong in an agency—whether a "near miss" (close call) or an actual negative outcome. In addition, if an incident is reviewed by a cross-section of the agency's departments, the root cause is more likely to be identified so that it can be managed to prevent similar, future events. Changes are more easily managed to prevent correction by different departments that may be at cross-purposes with one another. Communication around problem solving results in better, quicker solutions.

## Enterprise Risk Management in Action

How does the *enterprise risk management* concept work in the real world—in a state agency? Find out more in the Summer 2006

edition of *Spotlight* as we interview an agency that already has blazed the enterprise risk management trail in state government. Beth Vandehey, enterprise risk management and compliance director with the State Investment Board shares her agency's three-year journey to develop and put in practice an enterprise risk management program.

**Being proactive saves money, resources, and reputation.**



Being proactive saves money, resources, and reputation. Tort liabilities are only a piece of the risk faced by state agencies. They are really an outcome of all the other areas of risk an agency needs to address up-front. ERM helps do that by integrating each area of an agency's strategic and operational processes in terms of the agency's understanding of its risk and how to address it. In the public sector, the "enterprise" is both the agency's *specific mission* as defined by its authorizing environment and the *external enterprise of the state as a whole*. In other words, it is the way in which the agency is interrelated with other agencies to serve the public.

An ERM maturity model was developed for Washington state agencies to help weave increasingly sophisticated risk management elements into the business of government. The maturity model consists of 68 components, which, if effectively applied to an agency's business model, results in the successful management of risk. Agencies move up the model toward mastery, and are assigned points for each element completed. For more information about the ERM maturity model, contact Meg Jones, Loss Prevention/Risk Finance Coordinator at 360-902-9813.

## DEPARTMENT OF ECOLOGY RECEIVES ORCA AWARD



The Winter 2006 edition of *Spotlight* profiled the ORCA (Outstanding Risk Reduction Commitment and Achievement) award winners honored at the December 2005 "Shifting the Odds: Effective Risk Management" Conference held in Olympia. The Sustained Achievement Award category inadvertently listed only one winner—Department of Transportation. However, a tie resulted in two agency winners, with **Department of Ecology** also taking home the coveted award for *Sustained Achievement*. Ecology Director Jay Manning accepted the award from presenter Marty Brown, Governor's Office Legislative Director.

**Sustained Achievement Award** – "Bestowed on an agency's comprehensive risk management program and approach that demonstrates consistent and effective management of exposures, incidents and outcomes".

Nominees: Western Washington University; Department of Transportation; and Department of Ecology.

**WINNERS: A TIE: DEPARTMENT OF TRANSPORTATION AND DEPARTMENT OF ECOLOGY!**

CLAIMS  
CONSUMERRMIS  
UPDATE

The Risk Management Division is excited to announce the apparent successful bidder of its RFP for an Enterprise Risk Management Information System is Valley Oak Systems of San Ramon, California. The iVOS® product is a true browser-based risk management information system and is recognized as one of the "best-of-breed" solutions in the market today. Contract negotiations are currently underway, and the project team anticipates contract work to begin May 15, 2006, with operational functionality in place by August 30th. The successful completion of this phase of the project is due to the outstanding efforts of OFM project manager, Doug Selix, and RMD RMIS product coordinator, Joan Mackey, coupled with the expert assistance of contracts program manager Susan Johnsen, and OFM legal counsel, Ro Marcus.

Don't miss the Summer 2006 Spotlight for another RMIS phase-in update.

## LEGAL LINKS



Another Legislative session has ended. It's a good time to review the budget provisos and new laws passed this session. Then review your processes, policies and procedures to update them to comply with the law changes.

**Disclaimer:** This is not legal advice and should not be used as legal advice. It is merely a general educational item that may be of use to risk management efforts within state agencies.

## RMD Welcomes New Claims Investigator



Former Washington State Patrol trooper and Tacoma native Greg Pressel joined RMD in February after retiring earlier in the month from the Washington State Patrol with over 27 years of service. "Retiring from an agency you've been with for most of your adult life is a difficult thing to do. But knowing I was going to a new agency that I had dealt with in the past made it an easy transition," said Mr. Pressel.

He started his career in the Washington State Patrol in 1978 after graduating from Green River Community College with a degree in criminal justice. He worked the Yakima, Chehalis and east Pierce county areas of the state, joining the motorcycle unit in 1985, and eventually becoming a motorcycle instructor at the Criminal Justice Training Center. In March 1998, he sustained critical injuries when knocked off his motorcycle in an accident caused by an aggressive driver that eventually changed his career path in the Washington State Patrol.

After recovery, Mr. Pressel returned to the job in October 1998 in human resources, later transferring to a role as agency tort claim liaison. In late 2002, he assumed new duties as a public information officer assigned to the Office of the Washington State Patrol Chief, where he also served in a variety of "PIO" related roles.

Mr. Pressel's wife Kim owns and operates a childcare center in Tacoma, and his freshman son attends a local area college. In addition to family, snowmobiling, travel, and gardening in the off hours, Mr. Pressel also enjoys his new RMD career as a senior tort claims investigator. Come by to meet Mr. Pressel, or contact him at 360-902-7302 or e-mail [greg.pressel@ofm.wa.gov](mailto:greg.pressel@ofm.wa.gov).

## PURCHASE OF COMMERCIAL INSURANCE

The Risk Management Division is required by statute ( RCW 43.41.310) to purchase or contract all insurance and bonds for state agencies. Substantial savings typically can be realized by using the state's broker of record or participating in statewide master policies. Centralizing insurance purchases avoids duplicate coverage.

## FAST FACT

COMPARISON OF GENERAL AND AUTO LIABILITY  
CLAIMS FILED BY CALENDAR YEAR

## GENERAL LIABILITY CLAIMS

2004  
3,366



2005  
3,456

## AUTO LIABILITY CLAIMS

2004  
346



2005  
335

Data as of May 2, 2006